



WYOMING LEGISLATIVE SERVICE OFFICE

Memorandum

DATE May 18, 2022
TO Members, Joint Appropriations Committee
FROM Elizabeth Martineau, Fiscal Analyst
SUBJECT Interim Topic Priority #3, State Loan Programs

This memorandum is intended to provide background for the Joint Appropriations Committee (Committee) on Interim Topic #3, State Loan Programs, which states:

The Committee will review various state loan programs targeted to political subdivisions for consistency of terms, conditions and applications. The Committee will consider the range of loan programs administered by various state agencies, including the Wyoming Business Council, Office of State Lands and Investments, and Water Development Commission to provide improved processing and more uniform loan terms and conditions. The topic may result in legislation for the 2023 General Session.

The following is a summary of State loan programs that are currently available to political subdivisions. This summary is intended to provide a high-level overview that supplements agency-provided materials.

In total, Legislative Service Office (LSO) staff identified fifteen (15) different programs available to political subdivisions currently being administered or maintained by the Wyoming Business Council (WBC), Office of State Lands and Investments (OSLI), State Treasurer's Office (STO), and Wyoming Water Development Commission (WWDC) as shown in Table 1. ¹ Additional details about each program is provided in Table 2.

Table 1. State Loan Programs Targeted to Political Subdivisions Quick Guide.

Agency	Program	Interest Rate	Loan Term	Memo Page
WBC	Business Ready Communities (BRC)	0% to 3.5%	Varies, < 30	3
OSLI	Capital Construction Loans (CCL)	1% to 2.5%	Varies, < 25	3
OSLI	Clean Water State Revolving Fund (CWSRF)	0% to 2.5%	Varies, < 30	3
OSLI	Drinking Water State Revolving Fund (DWSRF)	0% to 2.5%	Varies, < 20	4
OSLI	Joint Powers Act Loan Program	Varies	Varies, < 30	5
OSLI	Mineral Royalty Grants (MRG)	Varies	Varies, < 10	5
OSLI	Municipal Solid Waste	Varies	Varies, < 30	6
OSLI	Student Dormitory Loan Program	1% to 2.5%	Varies, < 25	6
OSLI	Transportation Enterprise Account	Varies	Varies	6
STO	Ad Valorem Tax Loans to Counties (temporary)	0%	Set by STO	2
STO	Community College Bond Program ¹	Up to 10%	Varies, < 25	4
STO	Drainage District Bond Program ¹	2% to 4%	Not specified	4

¹ Certain bond programs, which are not explicitly loans to political subdivisions, are included for context.

Agency	Program	Interest Rate	Loan Term	Memo Page
WWDC	Water Resource Development - Level III (Construction), New Development	At least 4%	Varies, < 50	7
WWDC	Water Resource Development - Level III (Construction), Rehabilitation	At least 4%	Varies, < 50	7
WWDC	Water Resource Development - Level III (Construction), Dams and Reservoirs	At least 4%	Varies, < 50	7

Source: LSO review of relevant statutes, agency websites and the STO 2021 Annual Report, amounts as of June 30, 2021.

As a caveat, there are other State loan programs, such as the Farm Loan Program (OSLI) or the Partnership Challenge Loan Program (WBC), that LSO staff intentionally excluded because the target applicants are not political subdivisions. Additionally, programs that only had a grant component were also excluded. Some programs, such as the Business Ready Community Program (WBC), have both a grant and loan component. For these programs, only the loan component is discussed. Finally, there were several community-specific, one-time projects, such as the Gillette-Madison Project, Natrona County Regional Water Treatment Project, or Cheyenne Stage II Water Project, that LSO staff also excluded.

In review of the fifteen (15) programs, considerable variation in the interest rates, terms, and application processes exists. Interest rates vary between 0 percent (0%) and ten percent (10%). The majority of programs have either set interest rates or a set range. Notably, the interest rate for four (4) programs, Joint Powers Act Loan Program (JPA), Mineral Royalty Grant (MRG) Program and the Municipal Solid Waste Program (MSW), and Transportation Enterprise Account (TEA), are dependent on a calculation. For loan terms, most loan programs have between five (5) and fifty (50) year terms with the specific term being depended upon factors such as the useful life of the asset, financial strength of the political subdivision, or program specific factors for loan terms.

For reference, the programs described in Table 2 are organized alphabetically. The basic structure of each program summary includes the following: 1) statutory or session law authority; 2) year authorized; 3) administering agency; 4) outstanding balance, if any; 5) allowable commitment limits, if any; 6) applicable fund, if any; 7) interest rate(s); 8) applicable term or loan duration; 9) a brief description of the program; and 10) a link to the website, if available.

Table 2. Summary of State Loan Programs Targeted to Political Subdivisions.

Ad Valorem Tax Loans to Counties

Statutory Authority: 2021 SL, Ch. 28, Sec. 3
 Year Authorized: 2021
 Administering Agency: STO
 Outstanding Balance: \$0 (as of March 31, 2022)
 Allowable Commitment: \$16,726,000
 Applicable Fund: LSRA
 Interest Rate(s): 0%
 Loan Term(s): Determined by the STO consistent with W.S. 39-13-113(g)

These are loans to counties to cover funding shortfalls caused by the transition to payment of ad valorem taxes under W.S. 39-13-113(g). Loans shall be repaid by the county on a schedule determined by the State Treasurer consistent with the schedule for the payment of remaining taxes under W.S. 39-13-113(g) at an interest rate of zero percent (0%).

These loans are only available until June 30, 2022.

Source: LSO review of statute, the STO 2021 Annual Report, and information provided by the STO.

Business Ready Communities (BRC) Grant and Loan Program

Statutory Authority: W.S. 9-12-601
 Year Authorized: 2003
 Administering Agency: WBC
 Outstanding Balance: \$9,725,000
 Allowable Commitment: Appropriated funds
 (BFY 2023-2024 - \$24,321,543)
 Applicable Fund: Appropriated funds
 Interest Rate(s): 0% to 3.5%
 Loan Term(s): Not to exceed the useful life of
 the asset, typically no more than 30 year

Through an application process, the BRC program provides grants and loans to cities, towns, counties, joint powers boards, and the Northern Arapaho and Eastern Shoshone tribes to assist in financing publicly owned infrastructure that serves the needs of businesses and promotes economic development within Wyoming communities. Examples of eligible public infrastructure include water, sewer, roads, telecommunications, business parks, etc.

As of March 2022, there are 11 active loans.

Additional information can be found here:

<https://wyomingbusiness.org/communities/business-ready-community/>

Source: LSO review of statute, session law, the WBC website, and information provided by the WBC as of May 2022.

Capital Construction Loans (CCL)

Statutory Authority: W.S. 16-1-111
 Year Authorized: 2018
 Administering Agency: OSLI
 Outstanding Balance: \$6,661,288 (as of March 31, 2022)
 Allowable Commitment: \$400,000,000
 Applicable Fund: PWMTF
 Interest Rate(s): 1% to 2.5% plus a 0.5% origination fee
 Loan Term(s): At least 5 years, but no more than 25 years

The CCL program awards loans to assist cities, towns, counties, community college districts and school districts fund infrastructure projects that do not have many other funding options, up to \$200 million. The CCL program also awards loans for road and street projects up to \$200 million, but those are limited to cities, towns and counties. Examples of eligible purposes include the purchase of land or buildings, renovations or upgrade of existing infrastructure or planning and construction.

Additional information can be found here:

<https://lands.wyo.gov/grants-loans/loans/capital-construction-loan-program>

Source: LSO review of statute, the OSLI website, the STO 2021 Annual Report, and information provided by the STO and OSLI.

Clean Water State Revolving Fund (CWSRF)

Statutory Authority: W.S. 16-1-203(a)
 Year Authorized: 1990
 Administering Agency: OSLI / DEQ
 Applicable Fund: CWSRF (80% FF, 20% State)
 Interest Rate(s): 0% to 2.5% plus a 0.5% origination fee
 Loan Term(s): No more than 30 years, specific term determined by financial strength, repayment ability, security, and other factors

The CWSRF program awards loans for:

- Sanitary sewer treatment and collection;
- Storm water control;
- Landfill water pollution control; and,
- Other water pollution control projects.

These loans may be subject to additional federal requirements.

Additional information can be found here:

<https://lands.wyo.gov/grants-loans/loans/clean-water-state-revolving-funds>

Source: LSO review of statute, the OSLI and DEQ websites, and information provided by OSLI.

Community College Bond Program

Statutory Authority: W.S. 21-18-314
 Year Authorized: 1967
 Administering Agency: STO
 Outstanding Balance: \$0
 Allowable Commitment: None listed
 Applicable Fund: PLF, CSA
 Interest Rate(s): Not to exceed 10%
 Loan Terms: Not to exceed 25 years

This program allowed community colleges to obtain permanent funds to finance construction and improvement of facilities. The last known use of this program was in the 1970s with the last outstanding balance repaid in full in 2010.

Source: LSO review of statute and the 2015 Public Purpose Investment Program Evaluation.

Drainage District Bond Program

Statutory Authority: W.S. 41-6-201
 Year Authorized: 1930s
 Administering Agency: STO
 Outstanding Balance: \$24,000
 Allowable Commitment: No cap
 Applicable Fund: No Fund Specified; Fund used is CSA and PLF
 Interest Rate(s): 2% to 4%
 Loan Terms: Not specified

While the STO does not have explicit authority to invest in drainage district bonds, the State chose to do so in the early part of the 20th century. The bond purchases were to finance local districts' costs to construct, repair, reconstruct, enlarge, extend, or improve drainage systems. No new investments have been made under this program in over fifty years. Currently, there is only one outstanding bond that matured in 1974 and according to the STO the loan principal of \$24,000 is considered uncollectable.

Source: LSO review of statute, the STO 2021 Annual Report, and information provided by the STO.

Drinking Water State Revolving Fund (DWSRF)

Statutory Authority: W.S. 16-1-303(b)
 Year Authorized: 1998
 Administering Agency: OSLI / DEQ
 Applicable Fund: DWSRF (80% FF, 20% State)
 Interest Rate(s): 0% to 2.5% plus a 0.5% origination fee
 Loan Term(s): No more than 30 years, specific term determined by financial strength, repayment ability, security, and other factors; Certain entities may meet the disadvantaged communities criteria, and loan terms can be up to 30 years or the useful life of the project, whichever is less.²

The DWSRF program awards loans for:

- Drinking water systems, including source protection;
- Treatment plants;
- Storage tanks;
- Transmission and distribution lines; and,
- Other drinking water related projects.

These loans may be subject to additional federal requirements.

Additional information can be found here:

<https://lands.wyo.gov/grants-loans/loans/drinking-water-state-revolving-funds>

Source: LSO review of statute, the OSLI and DEQ websites, and information provided by OSLI.

² The process for determining if a community qualifies as "disadvantaged" is described in **OSLI rules Chapter 16, Section 4**. Specifically, "OSLI shall determine if an applicant is disadvantaged by awarding points based on population trend, income data, and unemployment data."

Joint Powers Act (JPA) Loan Program

Statutory Authority: W.S. 16-1-109
 Year Authorized: 1974
 Administering Agency: OSLI
 Outstanding Balance: \$4,727,053 (as of March 31, 2022)
 Applicable Fund: Any Permanent Fund; Currently use PWMTF
 Allowable Commitment: \$60,0000,000
 Interest Rate(s): Varies plus a 1% origination fee; set at not less than the average rate of return realized on PWMTF investments for the 5 calendar years immediately preceding the year in which the loan is made
 Loan Terms: No more than 30 years, specific term determined by financial strength, repayment ability, security, and other factors

This program provides loans for capital construction projects of local governmental entities. The project must be a revenue generating facility and the revenue must be sufficient to cover the annual required payments.

Additional information can be found here:

<https://lands.wyo.gov/grants-loans/loans/joint-powers-act-loan-program>

Source: LSO review of statute, the OSLI website, the STO 2021 Annual Report, and information provided by the STO and OSLI.

Mineral Royalty Grants (MRG) (*Not funded for the 2023-2024 biennium*)

Statutory Authority: W.S. 9-4-604
 Year Authorized: 1970s
 Administering Agency: OSLI
 Applicable Fund: Appropriated funds
 Allowable Commitment: Appropriated funds (BFY 2023-2024 - \$0)
 Interest Rate(s): 0% to the average rate of return realized on all PWMTF investments for the 5 calendar years immediately preceding the year in which the loan is made
 Loan Terms: No more than 10 years, specific term determined by financial strength, repayment ability, security, and other factors

The MRG program awards funds to:

- Alleviate an emergency situation which poses a direct and immediate threat to public health, safety or welfare;
- To comply with federal or state mandates; or
- To provide an essential public service.

According to rules, loans can be awarded instead of grants in certain situations.

Additional information can be found here:

<https://lands.wyo.gov/grants-loans/grants/mineral-royalty-grants>

Source: LSO review of statute, session laws, and the OSLI and DEQ websites

Municipal Solid Waste Grant and Loan Program

Statutory Authority: W.S. 35-11-528
 Year Authorized: 2013
 Administering Agency: OSLI
 Applicable Fund: Appropriated funds
 Allowable Commitment: Appropriated funds
 (BFY 2023-2024 - \$0 with \$6,900,000
 available from prior appropriations)
 Interest Rate(s): 0% to up to an annual interest
 rate equal to the average prime interest rate as
 determined by W.S. 35-11-528(e)
 Loan Terms: No more than 30 years, specific
 term determined by financial strength,
 repayment ability, security, and other factors

The Municipal Solid Waste Facilities Cease and
 Transfer (MSW) program awards funds for:

- Capping of a closed landfill
- Other closure related expenses including
 engineering, geological and other
 professional services
- Construction or acquisition of appropriate
 solid waste transfer facilities and equipment,
 including acquisition of real property

Additional information can be found here:

<https://lands.wyo.gov/grants-loans/grants/municipal-solid-waste-facilities-cease-and-transfer-program>

Source: LSO review of statute, the OSLI and DEQ websites, and information provided by OSLI.

Student Dormitory Loan Program

Statutory Authority: W.S. 21-18-319
 Year Authorized: 2018
 Administering Agency: OSLI
 Outstanding Balance: \$38,155,609 (as of
 March 31, 2022)
 Applicable Fund: PWMTF
 Allowable Commitment: \$60,000,000
 Interest Rate(s): 1% to 2.5% plus a 0.5%
 origination fee
 Loan Terms: At least 5 years, but no
 more than 25 years

The Student Dormitory Loan program awards loans to
 community college districts for:

- Purchase of land, buildings, and
 improvements associated with capital
 construction;
- Renovation or upgrade of existing
 infrastructure; and/or,
- Planning and construction.

Additional information can be found here:

<https://lands.wyo.gov/grants-loans/loans/student-dormitory-loan-program>

Source: LSO review of statute and the OSLI website.

Transportation Enterprise Account (TEA) Grants and Loans Program

Statutory Authority: W.S. 11-34-131
 Year Authorized: 1999
 Administering Agency: OSLI
 Applicable Fund: TEA
 Allowable Commitment: Appropriated funds
 (BFY 2023-2024 - \$2,000,000)
 Interest Rate(s): Set by the SLIB
 Loan Terms: Set by the SLIB

The Transportation Enterprise Account (TEA)
 program awards grants and loans to foster
 investments in transportation projects of benefit to
 the general public within Wyoming.

Historically, the SLIB has only awarded grants from
 available funds, but loans are authorized.

Additional information can be found here:

<https://lands.wyo.gov/grants-loans/grants/transportation-enterprise-account-grants-loans>

Source: LSO review of statute and the OSLI website.

Water Resource Development - Level III (Construction), New Development

Statutory Authority: W.S. 41-2-121
 Year Authorized: 1983
 Administering Agency: WWDC
 Applicable Fund: WDA I
 Allowable Commitment: Appropriated funds
 (BFY 2023-2024 projects - \$0)
 Interest Rate(s): At least 4%
 Loan Terms: Not to exceed 50 years after
 substantial completion of a project

The New Development Program develops presently unused and/or un-appropriated waters of Wyoming. Legislative approval must be granted prior to allocating funds to a particular purpose or project. The program encourages water development through state/local partnerships.

Additional information can be found here:

https://wwdc.state.wy.us/project_application_info/project_app_info.html

Source: LSO review of statute, the 2021 WWDC Legislative Report, WWDC website, and information provided by the WWDC.

Water Resource Development - Level III (Construction), Rehabilitation

Statutory Authority: W.S. 41-2-121
 Year Authorized: 1983
 Administering Agency: WWDC
 Applicable Fund: WDA II
 Allowable Commitment: Appropriated funds
 (BFY 2023-2024 projects - \$4,819,625)
 Interest Rate(s): At least 4%
 Loan Terms: Not to exceed 50 years after
 substantial completion of a project

The Rehabilitation Program serves to assist project sponsors in keeping existing water supplies effective and viable, thereby preserving their use for the future. Rehabilitation projects can improve an existing municipal or rural domestic water supply system or an agricultural storage facility or conveyance system. The projects serve to ensure dam safety; decrease operation, maintenance, and replacement costs; and/or provide a more efficient means of using existing water supplies. The project sponsor must be willing and capable of financially supporting a portion of the project development costs plus all operation and maintenance costs.

Additional information can be found here:

https://wwdc.state.wy.us/project_application_info/project_app_info.html

Source: LSO review of statute, the 2021 WWDC Legislative Report, WWDC website, and information provided by the WWDC.

Water Resource Development - Level III (Construction), Dams and Reservoirs

Statutory Authority: W.S. 41-2-121
 Year Authorized: 1983
 Administering Agency: WWDC
 Applicable Fund: WDA III
 Allowable Commitment: Appropriated funds
 (BFY 2023-2024 projects - \$0)
 Interest Rate(s): At least 4%
 Loan Terms: Not to exceed 50 years after
 substantial completion of a project

In 2005, the legislature authorized funding for a new program within the WWDC. The purpose of the program is to concentrate on the identification, evaluation, permitting, and construction of new dams with a storage capacity of 2,000 acre-feet or more and proposed expansions of existing dams of 1,000 acre-feet or more.

Additional information can be found here:

https://wwdc.state.wy.us/project_application_info/project_app_info.html

Source: LSO review of statute, the 2021 WWDC Legislative Report, WWDC website, and information provided by the WWDC.
